



Research Note

JDC Group AG



**New cooperation with comdirect planned,
high revenue and earnings potential,
confirmation of forecasts and price target**

Target Price: €12.10

Rating: BUY

IMPORTANT NOTE:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section § 85 WpHG und Art. 20 MAR on page 3

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information, see the disclosure under "I. Research under MiFID II"

Date and time of completion of this research: 06/11/2018 (09:32 am)

Date and time of first distribution: 06/11/2018 (10:15 am)

Target price valid until: max. 31/12/2019

JDC Group AG ^{*5a,7,11}

Rating: BUY
Target price: €12.10

Current price: 7.66 €
02/11/18 / XETRA / 9:48 am
Currency: EUR

Key data:

ISIN: DE000A0B9N37
WKN: A0B9N3
Ticker symbol: A8A
Number of shares³: 13.13
Marketcap³: 100.56
EnterpriseValue³: 115.72
³ in Mio. / in Mio. EUR
Freefloat: approx. 50 %

Transparency Level:
Freiverkehr

Market Segment:
Scale

Accounting Standard:
IFRS

Financial year-end: 31/12

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* catalogue of potential conflicts of interests on page 4

Company Profile

Sector : Financial

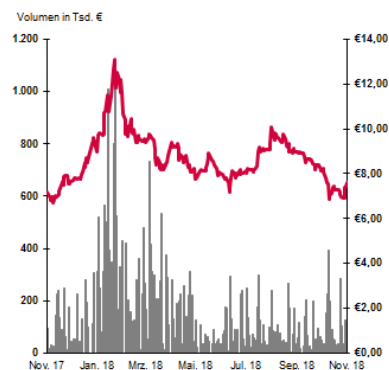
Focus: Advisory, AdvisorTech

Employees : Ø 255 (1.HY 2018)

Founded in: 2004

Headquarter: Wiesbaden

Executive Board: Dr. Sebastian Grabmaier, Ralph Konrad,
Stefan Bachmann



JDC Group AG is a German financial technology business specialising in financial product consultancy and brokerage through its operational subsidiaries, coupled with new advisory technologies in the time of the digital native. Following the company's restructuring work and the associated breakup of unprofitable subsidiaries in recent financial years, JDC Group AG has achieved its target structure. In the AdvisorTech field, the Group operates one of the largest independent broker pools (B2B) in Germany through its subsidiary Jung, DMS & Cie. AG, with a total of 16,000 independent financial advisers and 850,000 customers. Modern advisory and management technologies are being developed within this business area, thus combining traditional financial services with the rapidly growing FinTech area. In parallel, financial services are provided within the Advisory segment to approximately 80,000 wealthy clients (B2C) through the FINUM. brand. The business activities of JDC Group AG are expanded by the Blockchain-Lab, which was launched in 2018 and started the third stage of the digitization strategy.

P&L in €m \ FY	31/12/2017	31/12/2018e	31/12/2019e	31/12/2020e
Revenue	84.48	101.37	126.48	139.48
EBITDA	3.19	6.12	10.57	14.42
EBIT	0.20	3.02	7.37	11.22
Net profit	-1.68	1.27	4.28	7.01

Per Share Figures in EUR

EPS	-0.14	0.10*	0.33*	0.53*
Dividend per share	0.00	0.00	0.00	0.00

*based on 13.13 Mio. shares (post money)

Key financials

EV/Sales	1.58	1.32	1.05	0.96
EV/EBITDA	41.79	21.78	12.62	9.25
EV/EBIT	659.98	44.14	18.10	11.89
P/E	neg.	93.04	27.60	16.85
P/B	4.22			

Financial Dates:

22/11/2018: Q3-Figures 2018

**last research published by GBC:

Date: publication / price target in € / rating

04/09/2018: RS / 12.10 / BUY

11/07/2018: RS / 12.40 / BUY

16/03/2018: RS / 11.50 / BUY

05/09/2017: RS / 11.50 / BUY

29/08/2017: RS / 10.25 / BUY

** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D86150 Augsburg

New cooperation with comdirect planned, high revenue and earnings potential, confirmation of forecasts and price target

JDC Group AG has implemented a multi-pillar growth strategy over the past reporting periods. In addition to acquiring insurance holdings, the main focus is on building up the wholesale business using its own technology. Over the past financial year, the wholesale customer business was reinforced through outsourcing customer contracts of Albatros Versicherungsdienste GmbH (Lufthansa Group). According to the company's announcement on 31/10/2018, the direct bank comdirect is intended to strengthen the wholesale business of a new renowned customer.

There is currently a letter of intent (LOI) for the planned cooperation between JDC Group AG and comdirect, for which the direct bank is to use the customer and contract management software developed by JDC Group AG for the planned expansion of the insurance business. In this respect, comdirect plans to soon cover the insurance sector with its total 2.4 million customers and in doing so, in addition to the banking business, also offer digital integration and optimisation of insurance policies. Involving customers to a greater extent in their own banking ecosystem offers comdirect great cross-selling potential. Insurance brokerage is covered by JDC Group AG, which has a large purchasing power and can therefore achieve attractive terms with the product suppliers. Furthermore, the whole contract infrastructure will run using JDC software, which means that all necessary, and now more strict, documentation and proof obligations are met.

The sales potential is likely to be a double-digit million euro sum, assuming customary market ratios, from which JDC Group AG should generate an EBIT margin of a low-double digit percentage figure. This could already be achieved in the coming two to three financial years. Once an agreement for future cooperation has been concluded, we will adjust our forecast in this regard. Until then, we confirm our latest published forecasts in the research study dated 03/09/2018.

We continue to expect revenue of EUR 101.37 million and EBITDA of EUR 6.12 million for the current financial year, and are still in line with the company guidance published in their semi-annual report for 2018. Our estimates are based on the corporate strategy, which focuses on inorganic growth and emphasis on the promotion of the wholesale customer business. In addition to the currently planned cooperation with comdirect, it is quite likely that the company will announce further cooperation and therefore the further expansion of its wholesale business by the end of the year. In contrast to the acquisition of insurance holdings, the wholesale business is associated with low investment requirements since no holdings are acquired.

We confirm our target price of EUR 12.10 and, based on the current price of EUR 7.66, maintain our BUY rating. The price potential is currently 57.8%.

ANNEX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.
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The recommendations/ classifications/ ratings are linked to the following expectations:

BUY	The expected return, based on the derived target price, incl. dividend payments within the rel 10%.
HOLD	The expected return, based on the derived target price, incl. dividend payments within the rel 10% and < + 10%.
SELL	The expected return, based on the calculated target price, incl. dividend payments within the <= - 10%.

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